

SPANISH DANCE ARTS CO., INC.



**FLAMENCO VIVO CARLOTA SANTANA**

Financial Statements  
and  
Supplementary Information  
(Together with Independent Auditors' Report)

Years Ended June 30, 2016 and 2015

**M A R K S P A N E T H**

ACCOUNTANTS & ADVISORS

**SPANISH DANCE ARTS CO., INC.**

Financial Statements and Supplementary Information

Years Ended June 30, 2016 and 2015

(Together with Independent Auditors' Report)

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS:	
Statements of financial position	3
Statements of activities and changes in net assets	4
Statements of cash flows	5
Notes to financial statements	6-8
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION	9
Schedule of functional expenses	10

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Spanish Dance Arts Co., Inc.  
New York, NY

We have audited the accompanying financial statements of Spanish Dance Arts, Co., Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2016 and 2015 and the related statements of activities and changes in net assets and cash flows for the years then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Spanish Dance Arts Co., Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of functional expenses on page 9 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been

subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Mark Paneth CP*

New York, NY  
December 09, 2016

SPANISH DANCE ARTS CO., INC.

STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2016	2015
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 12,149	\$ 8,633
Grants and other receivables	80,671	52,285
Inventory	7,145	6,986
Security deposits	6,554	6,554
Prepaid expenses	10,119	9,570
Property and equipment (net)	201	885
<b>TOTAL ASSETS</b>	<b>\$ 116,839</b>	<b>\$ 84,913</b>
<b>LIABILITIES:</b>		
Accounts payable	\$ 1,142	\$ 24,762
Line of credit	50,000	-
Deferred income	-	136
<b>TOTAL LIABILITIES</b>	<b>51,142</b>	<b>24,898</b>
<b>COMMITMENT AND CONTINGENCIES</b>		
<b>NET ASSETS</b>		
Unrestricted	62,697	57,015
Temporarily restricted	3,000	3,000
<b>TOTAL NET ASSETS</b>	<b>65,697</b>	<b>60,015</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 116,839</b>	<b>\$ 84,913</b>

The accompanying notes are an integral part of these financial statements.

SPANISH DANCE ARTS CO., INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year ended June 30,	
	<u>2016</u>	<u>2015</u>
CHANGES IN UNRESTRICTED NET ASSETS:		
REVENUE		
Contributions:		
Foundations	\$ 65,132	\$ 79,887
Corporations	5,400	5,000
Individuals	47,244	48,573
Total Contributions	<u>117,776</u>	<u>133,460</u>
Admissions, education and performance fees	615,106	558,812
Government grants	152,875	132,375
Miscellaneous income	-	447
	<u>767,981</u>	<u>691,634</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>3,000</u>	<u>7,000</u>
TOTAL UNRESTRICTED REVENUES AND OTHER SUPPORT	<u>888,757</u>	<u>832,094</u>
EXPENSES:		
Program	706,407	664,859
General and administrative	118,820	105,664
Fundraising	54,848	50,342
TOTAL EXPENSES	<u>880,075</u>	<u>820,865</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>8,682</u>	<u>11,229</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	-	10,000
Net assets released from restrictions	(3,000)	(7,000)
	<u>(3,000)</u>	<u>3,000</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	5,682	14,229
NET ASSETS - BEGINNING OF YEAR	<u>60,015</u>	<u>45,786</u>
NET ASSETS - END OF YEAR	<u>\$ 65,697</u>	<u>\$ 60,015</u>

The accompanying notes are an integral part of these financial statements.



SPANISH DANCE ARTS CO., INC.

STATEMENTS OF CASH FLOWS

	June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 5,682	\$ 14,229
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation	685	686
Changes in assets and liabilities:		
Accounts receivable	(28,387)	(45,850)
Inventory	(159)	-
Prepaid expenses	(549)	(576)
Deferred income	(136)	136
Accounts payable	(23,620)	16,469
Net cash provided by (used in) operating activities	(46,484)	(14,906)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	50,000	-
Net cash provided by financing activities	50,000	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,516	(14,906)
Cash and cash equivalents, beginning of year	8,633	23,539
Cash and cash equivalents, end of year	\$ 12,149	\$ 8,633

The accompanying notes are an integral part of these financial statements.

SPANISH DANCE ARTS CO., INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

1. Organization

Spanish Dance Arts Co., Inc. (the "Organization") is a not-for-profit organization incorporated in New York City, New York. Its stated purpose is to conduct cultural, charitable and education activities. The Organization's support comes primarily from individuals, corporations, foundations, government grants and contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income taxes

The Organization is exempt from federal taxes under Internal Revenue Service Code Section 501(c) (3).

The Organization believes it has no uncertain tax positions as of June 30, 2016 that would require adjustment or disclosure in accordance with Accounting Standards Codification ("ASC") Topic 740 ("Income Taxes") which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

Financial statement presentation

In accordance with FASB Accounting Standards Codification ("FASB ASC") 958-310, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions.

In accordance with FASB ASC 958-210, the Organization is required to report information regarding its financial position and activities according to the three classes of net assets as indicated above.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash equivalents

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires by the passage of time or its restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Grants receivable represent amounts committed by donors that have not been received by the Organization.



SPANISH DANCE ARTS CO., INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2016 AND 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contributions (Cont'd)

Contributions of services shall be recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line basis over the estimated useful lives of the related assets. Fixed assets are capitalized by the Organization for all items of \$1,000 or more with a useful life greater than one year.

Deferred income

Tuition fees are recognized as revenue in the period to which the tuition fees pertain. Fees received in advance are recorded as deferred income and recognized as income in the period in which the fees are earned.

Advertising

The Organization expenses advertising costs in accordance with FASB ASC 340-20. No expenses were deferrable at June 30, 2016. Advertising expense was \$6,163 in 2016 and \$3,177 in 2015.

Inventory Valuation

Inventories are stated at the lower cost determined by the first-in, first-out method, or market.

Reclassifications

Certain balances in the prior year statement of activities and changes in net assets have been changed. This has no impact on the net assets.

3. PROPERTY AND EQUIPMENT

Property and equipment is capitalized and carried at cost less accumulated depreciation.

Depreciation is computed on the straight line basis over the estimated useful lives. A summary of property and equipment is as follows:

	June 30,	
	2016	2015
Theatrical equipment	\$ 6,119	\$ 6,119
Office furniture and equipment	75,232	75,232
	<u>81,351</u>	<u>81,351</u>
Less accumulated depreciation	<u>(81,150)</u>	<u>(80,466)</u>
	<u>\$ 201</u>	<u>\$ 885</u>

SPANISH DANCE ARTS CO., INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2016 AND 2015

4. COMMITMENTS AND CONTINGENCIES

Lease

The Organization has an office lease ending December 31, 2016. Rent expense was \$91,922 in 2016 and \$81,779 in 2015.

Future minimum payments under the lease agreement for periods ending subsequent to June 30, 2016 are as follows:

2017	\$ 36,516
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5. CONCENTRATIONS

Financial instruments that potentially subject the Organization to a concentration of credit risk include cash accounts with various financial institutions that may exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. As of June 30, 2016 and 2015, the Organization had cash accounts which did not exceed the FDIC insurance limits.

The Organization receives a majority of its government grants from three agencies. The Organization received approximately 17% and 16% of its revenue from government grants for the years ended June 30, 2016 and 2015.

6. LINE OF CREDIT

The Organization has a \$75,000 line of credit with Signature Bank. Interest is payable monthly at Prime Rate plus 1%. The outstanding balance was paid off in July 2016. The line of credit is collateralized by substantially all assets of the Organization.

7. SUBSEQUENT EVENTS

In preparing the accompanying financial statements, Spanish Dance Arts Co., Inc. has reviewed events that have occurred after June 30, 2016 through the date the financial statements were available to be issued, December 09, 2016.

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**M A R K S P A N E T H**  
ACCOUNTANTS & ADVISORS

### INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

We have audited the financial statements of Spanish Dance Arts Co, Inc. as of and for the years ended June 30, 2016 and 2015, and our report thereon dated December 09, 2016, which expressed an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 10 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



December 09, 2016  
New York, NY

SPANISH DANCE ARTS CO, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2016

	Program	General & Administrative	Fundraising	Total
Salaries, payroll taxes and employee benefits	\$ 292,671	\$ 48,778	\$ 33,770	\$ 375,219
Artist and professional fees	155,756	19,251	-	175,007
Booking agent	30,760	-	-	30,760
Office supplies and computer expenses	-	6,798	-	6,798
Utilities and telephone	1,498	1,498	1,410	4,406
Postage and shipping	2,180	2,180	1,869	6,229
Rent	74,457	17,465	-	91,922
Costumes, materials and supplies	1,749	-	-	1,749
Production	5,503	-	-	5,503
Merchandise	54.00	-	-	54
Maintenance, repairs and equipment rentals	1,018	1,147	-	2,165
Insurance	7,429	7,428	-	14,857
Marketing and promotions	28,686	-	1,831	30,517
Dues and subscriptions	-	3,768	-	3,768
Travel, lodging and entertainment	104,646	-	-	104,646
Interest expense	-	4,273	-	4,273
Depreciation and amortization	-	685	-	685
Fundraising	-	-	15,968	15,968
Miscellaneous	-	5,549	-	5,549
Total functional expenses	\$ 706,407	\$ 118,820	\$ 54,848	\$ 880,075